

**Glenda Wiles**

**From:** MACO Information [macopb@maco.cog.mt.us]  
**Sent:** Thursday, October 18, 2007 11:26 AM  
**Subject:** Environmental Block Grant Program/Energy Bill

Good morning:

Please read the following from the National Association of Counties regarding the federal energy bill under consideration by Congress:

## **Energy bills include Energy, Environmental Block Grant Program**

**By Julie Ufner, NACo  
ASSOCIATE LEGISLATIVE DIRECTOR**

Both the House and the Senate's versions of the omnibus energy bill include provisions for an Energy and Environmental Block Grant Program. As counties have become more familiar with both measures, they have raised questions about the differences between the two bills in grant eligibility.

The biggest difference concerns how an eligible unit of local government is defined. The House bill, H.R. 3221, uses a strict population-based formula. If a county's population is above 200,000 (based on daytime population), the county would be eligible for more money.

The Senate bill also uses the population-based formula of 200,000. However, the Senate bill extends eligibility to counties with populations below 200,000 if the county is among one of the 10 most populous counties in a state.

In the Senate bill (H.R. 6), the Energy and Environmental Block Grant Program (EEBG) can be found in Title II, Subtitle F.

Since this program is modeled after the Community Development Block Grant (CDBG) program, the Senate's bill inserts the program into Title I of the Housing and Community Development Act of 1974.

This is an important distinction because the program, even though administrated by the Department of Energy (DOE), follows the same rules as the CDBG program. That means if a county has an "entitlement" city (eligible city) over the 35,000-population threshold, that city's population would be subtracted from the county's overall population.

On the issue of deducting populations, the House bill is a little more ambiguous. H.R. 3221 puts the energy grant program directly under the auspices of the DOE, and at this point, it is unclear whether an eligible city's population would be subtracted from a county's population.

The House's Energy Efficiency Block Grant Program language can be found under Title IX, Part 9.

Meanwhile, for those non-entitlement areas — those areas below the population threshold — both the House and Senate bills have different funding mechanisms. The Senate bill directs the secretary of energy to set aside 2 percent every year to provide competitive grants to non-eligible states and local governments. The House version, on the other hand, requires the state to use 70 percent of the federal grant for competitive sub-grants to non-eligible units of local government.

Congress has yet to assign the House- and Senate-passed energy bills to a Conference Committee because of technical

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issues.

The Senate version of H.R. 6, the *Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007*, passed the Senate on June 21. The House passed its energy bill, H.R. 3221, on Aug. 4.

For a more detailed comparison of the two bills see the chart, "House vs. Senate Energy Bills" on this page. The chart compares the differences between the House and Senate passed EEBG language.

<b>House vs. Senate Energy Bills</b>		
	<b>Senate-Passed Energy Bill (H.R. 6)</b>	<b>House-Passed Energy Bill (H.R. 3221)</b>
<b>Program governing The Energy Efficiency Block Grant Program (EEBG)</b>	Energy block grant language is inserted in Title I of the Housing and Community Development Act of 1974 but program is overseen by Department of Energy	A new program created under the Department of Energy (DOE).
<b>Eligible Units of Local Government (AKA "entitlement areas")</b>	A) A city with a population of at least 35,000 or the city must be one of the top 10 most populous cities in its state B) A county with a population of at least 200,000 or one of the top 10 most populous counties in its state.	A) A city with a population of at least 50,000 B) A county with a population of at least 200,000. Population shall be based on Census data and daytime population, or another similar factor such as square footage of commercial, office, and industrial space as determined by DOE.
<b>Eligible Activities</b>	Eligible activities will be determined by the DOE, in consultation with the administrator of the Environmental Protection Agency, the secretary of Transportation, and the secretary of Housing and Urban Development.	Eligible activities include but are not limited to: a) development and implementation of an Energy Efficiency Strategy and conservation programs; b) conducting energy audits; c) creation of financial incentive programs for energy efficiency retrofits, and d) development and implementation of building codes and inspection services.
<b>Allocation levels</b>	a) 68% to eligible units of local government b) 28% to the states c) 4% to Indian tribes	a) 70% provided to eligible units of local government b) 30% provided to the states
<b>Distribution to eligible units of local government</b>	DOE to establish a formula for the distribution of entitlement grants. Formula may include calculations of residential and daytime populations plus other factors deemed important.	DOE to use a preset formula, giving equal weight to population, including daytime population, and other factors such as square footage of commercial, office, and industrial space.
<b>Distribution to the States</b>	28% a) The secretary of energy shall distribute at least 1.25% to each state, and the remainder among the states based on a formula similar to allocations above. b) At least 40% of the amounts distributed to the states shall be used by the states for eligible activities in non-entitlement areas in the states (under population threshold).	30% a) Money shall be based on a population-based formula using the most recent Census data. b) A state receiving a grant shall use at least 70% of the funds received to provide sub-grants to units of local government in the state that are not eligible units of local government (under population threshold).
<b>Grants to non- entitlement areas</b>	a) The DOE secretary shall use 2% each year (of the total amount) to make competitive grants under this section to states, Indian tribes and units of local government that are not eligible entities.	Non-eligible units of local government must apply directly to the state for competitive grants.